Liberty

NOT THE DAUGHTER BUT THE MOTHER OF ORDER — PROUDHON

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"For always in thine eyes, O Liberty!
Shines that high light whereby the world is saved;
And though thou slay us, we will trust in thee."
JOHN HAY.

On Picket Duty.

Without unrestricted competition there can be no true coöperation.

The Boston "Investigator" offers itself to trial subscribers for one month for twenty-five cents. The paper has a glorious record, and all Liberals should unite in rewarding its valiant struggle against superstition by stanch support in its honorable and still vigorous old age.

Herbert Spencer, though he knows nothing of Proudhon's ideas and made a complete fool of himself on the only occasion when he ever undertook to criticise them, is as much of an anarchist, if he only knew it, as was Proudhon himself. For his theory of social evolution from militancy to industrialism means the eventual abolition of the State. Mr. Spencer is a philosopher who busies himself more with the past than the future, but the lesson of his teaching and the applications of his theories, though less emphatic on that account, are just as clear to thinking people.

At the recent celebration of John Bright's seventieth birthday at Rochdale the hero of the occasion, responding to the tributes of the admiring laboring population, briefly reviewed the progress made in England during his career. In the course of a glorification of free trade he said, jubilantly: "So far as selling to all the world, you are perfectly free with your labor as we are perfectly free with our capital." What a sorrowful satire upon the present system of industry and commerce that a prominent representative of a class which does next to no labor and therefore produces next to no capital should be able to stand before an audience made up from the class which does nearly all the labor and therefore produces nearly all the capital, and talk to them, unrebuked, of "*your* labor" and "*our* capital"!

The "Free Religious Index" has dropped the adjectives from its name, and wishes henceforth to be known, as of old, simply as the "Index." Whether the discarded title implied too much freedom to suit the old management, or too much religion to suit the new, or whether both old and new have become suddenly impressed by the profundity of a remark said to have been made by a near relative of the original manager, Mr. Abbot,—namely, that she did not like the term, "free religion," because it reminded her of "free love,"—we are not informed. But, whatever the motives that inspired it, the change is a good one. A combination of circumstances that makes it expedient for a newspaper to abandon its original name is very rarely found. [George Chainey, please notice!] Certainly no such circumstances ever occurred in the history of the "Index." The old title is unquestionably simpler, stronger, broader, and, in its present lettering, typographically neater than the one recently in use. Its readoption, therefore, is to be commended. Moreover, the paper itself is now much better "made up" than ever before. The new editor, Mr. Underwood, has reconstructed its anatomy to advantage. If, in addition, he will infuse some blood into its colorless veins, it will become a readable and valuable journal.

Honoring a Great Law-Breaker.

On the evening of Friday, December 2, the twenty-second anniversary of the execution of old John Brown of Ossawattomie at Harper's Ferry, a festival in honor of the hero's memory was held at New York in the theatre of Turn Hall. A large audience, made up in part of ladies, was present, including also not a few colored people. The hall was prettily and appropriately decorated with flowers and mottoes. The meeting was held under the auspices of workingmen, and, as was eminently fit, the tributes of the evening to the martyr of oppressed black labor came from the lips of men now among the foremost in championing oppressed white labor,—the speakers being Hugh McGregor, Victor Drury, and John Swinton. The latter made the principal speech of the evening, and nothing could be more appropriate to Liberty's columns than the following extract from the New York "Sun's" report:

It were hard to tell in what way we should properly estimate the depth and the scope of the influence of this man John Brown upon our country's history. We know that after ages of ascendancy for American slavery, he was the first man to enter its stronghold and smite it with the sword; and we know how quickly the sword that was struck from his hand brought destruction to American slavery. We know how slavery stood in safety before he delivered his blow; we know how it reeled to ruin under that blow. We know how the South was startled by Harper's Ferry, and how the North. It was the challenge to battle, the first shot in the war.

It was a new policy that John Brown brought into play against American slavery,—the policy of meeting it upon its own terms and its own field, confronting with force a system based upon force, and establishing human rights by the weapons that upheld public wrongs. In place of the old way of acquiescing in slavery, or compromising with it, or arguing over it, or resisting its extension, he adopted the way of assailing it by the only means that gave any hope of destroying it. John Brown's way was justified by the event—justified amid flame and smoke by Abraham Lincoln's proclamation of abolition. . . . .

I proclaim it here to-night as my judgment that the man who goes highest in his estimate of the immediate, the far off, and the permanent efficacy of John Brown's influence, is most nearly right.

Now, then, in this view of his life and work, and from this vantage of the years, I acclaim as Prophet, Hero, Martyr, and Victor, the man John Brown—prophet for half a century, hero for five years, martyr for a day, victor forever—victorious in Kansas with his rifle, victorious in Virginia on his scaffold, victor against slavery in the United States,—victor over the earth and through the ages—his name as a pillar of fire in the sky, guiding men to the Canaan which he himself saw not.

But hark! I hear the drool of Old Legality that John Brown was condemned and hanged under the authority of government and law. Ay, it is true. Do we then hold that John Brown was guilty? Nay, nay, nay; but let our guilty system of government and law beware lest his condemnation be its doom.

What is this thing that arrogates to itself the title of law, the records of which are foul with wrong—the hands of which are red with the world's best blood—the administrators of which were so perfectly described by Zephaniah, the Hebrew prophet, who said "The Judges are wolves, gnawing the bones"—which has supported every powerful culprit and every incorporate monstrosity—which poisoned Socrates, slew the Gracchi, strangled Savonarola, beheaded Vane, burned Servetus, hanged John Brown—ay, crucified the young Galilean himself—the devices of which are the scourge, the rack, the wheel, the stake, the gibbet, the cross, and every invention of torture?

Who are these beloved felons at law arrayed in white, for they are worthy, their names effulgent in the sky, burnishing the dull world? How many of the apostles and prophets of the ages have fallen victims to the fraud misnamed law? The world is to-day as busily engaged as ever it was in sacrificing them. Look at the scaffolds of Russia, the dungeons of Germany! But, my hearers, this will not last forever. As Samson in his death brought down the temple of Dagon, as John Brown in his death shivered the bulwarks of chattel slavery, so every martyr hastens the end of the system under which he is sacrificed.

Well, now, my hearers of to-night, though chattel slavery has been abolished from our country, we have yet other wrongful and destructive things established among us which, in their turn, shall be brought to the judgment of justice. Take notice, then, of a few of the features of John Brown's revolutionary action:

1. John Brown acted under his own authority, or, as he himself said, "under the auspices of John Brown," by the power of his own manhood, in behalf of right and man's rights. He took the responsibility, seeking no sanction other than that of his own conscience. He did not refrain from action because he was weak, nor wait till the majority was on his side. "I acknowledge no master in human form," said John Brown.

2. John Brown did not hesitate to confront the government and all its menaces. He stood by himself against all the established shows of the day—political, ecclesiastical, and pecuniary.

3. John Brown violated law and the laws.

4. John Brown believed in destroying wrongful institutions by the sword, when no other way was available.

5. John Brown believed in fighting for others, in giving his life for the freedom of slaves.

6. John Brown took no heed of self-interest, obloquy, petty prudence, or the condemnation and vengeance of the times.

7. John Brown put his whole soul in his work, and gave it all he had, his own life and his four sons, three of whom fell by his side.

8. *Yet withal*, John Brown was a practical and sensible man, the attestation of which are his work and his success.

If it be not for us of to-day to imitate John Brown's action, well were it for us to possess the qualities of soul that underlay it.

Other times need other work and ways of other men. Man rises to each occasion. For every emergency, bountiful nature furnishes the man. . . . .

According to the song that swelled from our embattled hosts during the years of strife, John Brown was a body and a soul, which became a mouldering body and a marching soul. Behold John Brown in the body—erect, rugged and grim, battling for man and for freedom, closing his career on the gallows. Behold John Brown's soul, luminous and august, compassionate and benignant, enriching us all by its radiance, raising us all by its puissance, and softening us all by its tender grace, of which he made such sublime display during the closing scenes of his life.

A monument to John Brown here in our city! Would that my fiat could raise it aloft! There is already a monument to John Brown at North Elba, where he is buried; there is, I believe, another at Ossawattomie, on the plains of Kansas; [illegible]s statue will stand in the Capitol at Washington; and in the quiet Massachusetts town of Concord, you may see, in the Summer School of Philosophy, besides the busts of Anaxagoras, Plato, Pestalozzi, and Emerson, the bust of John Brown. But I should like to see two other memorials or monuments to this man—one of them here in our city, at this gate of the continent; the other at Charlestown, in Virginia, on the site of his scaffold—so that the North and the South, and all the world, would thus again have perpetual reminder that here was a man of our nineteenth century who, accounting his own life and home and treasures as naught, gave himself to battle and death that he might deliver those who were crushed and lost, even black slaves.

How hopeful were the times and the skies, had we among us but a few men—ay, or one man—of John Brown's conscience, judgment, valor, righteousness, and, above all, of his self-sacrificing life!

Now, as my last words for to-night, I exclaim: Great were John Brown's life and work and triumph! Worthy, thrice worthy, is John Brown!

In the course of the meeting Prof. Marquand played on the piano a funeral march by Beethoven, "John Brown's Body," "The Marseillaise," and "Marching Through Georgia."

Liberty.

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"A free man is one who enjoys the use of his reason and his faculties; who is neither blinded by passion, nor hindered or driven by oppression, nor deceived by erroneous opinions." — PROUDHON.

Guiteau's "Malice."

When one man kills another, he is not a murderer, unless he kills him from some motive, which the law calls "malice." And this malice must be such as a *sane* man can entertain, and such as is naturally sufficient to induce a *sane* man to commit a murder. The violent passions, impulses, or delusions of an insane man are not such "malice" as the law requires to convert a homicide into a murder.

Now, what *sane* malice — such malice as could reasonably be expected to induce a *sane* man to commit a murder — has Guiteau ever exhibited, towards Garfield, either at the time of the homicide, or before, or since? None at all, unless it be this: Corkhill shows, or attempts to show, that Guiteau was a persistent and disappointed officeseeker; and he wishes it to be inferred that he (Guiteau) was indignant at his disappointment; and that this indignation amounted to legal malice; to such malice as might *reasonably* be expected to induce a *sane* man to commit murder. His whole case hangs upon this fact.

But Guiteau had little or no occasion to be indignant at Garfield personally, on account of his disappointment. If he was indignant at any body, on this account, he evidently had much more reason to be indignant at Blaine, than at Garfield; for he evidently understood that Blaine, rather than Garfield, was the one who stood in the way of his success.

But admit that Guiteau acted from malice — from such malice as a persistent, disappointed, indignant, and *sane* officeseeker might reasonably be expected to entertain, and act upon — what is the inference? Why, that all persistent, disappointed, indignant, and *sane* officeseekers are dangerous persons; that they go about with murder in their hearts, and pistols in their pockets; and may reasonably be expected to commit murder.

This being the case, who can tell the number of dangerous persons there are abroad in the community? What census could enumerate them? It is frightful to think of their number. And they are of all grades, from those who aspire to the presidency, down to those who aspire only to the humblest offices in the nation, or the States.

We are far from denying that this class of persons are dangerous. On the contrary, we have no doubt that all officeseekers, the successful ones, as well as the disappointed ones, are dangerous. In fact, we think the successful ones are by far the more dangerous. They kill men by the hundreds of thousands, when it is necessary to maintain their power. But we are now considering only the cases of the disappointed ones.

And here an important inquiry forces itself upon us, viz.: If all persistent, disappointed, indignant, and *sane* officeseekers are to be supposed capable of such legal malice as prompts men to commit murder, what shall we say of Blaine, and John Sherman, and Grant? They were publicly known to be persistent, disappointed, and indignant aspirants for the presidency, at the last election. And it is not likely that either of them has recovered, or ever will recover, from either his disappointment, or his indignation. They are, therefore, dangerous persons. Yet they are still at large; and who of us are safe from their malice?

But this is not all. The number of like characters — only of lower grades — is such that, on the principle laid down in Guiteau's case, they constitute a great public danger; a danger everywhere present, and that no one can guard against. The only remedy would seem to be, to abolish the government itself, on the principle that "the public safety is the supreme law."

If, therefore, Guiteau shall be convicted, we shall expect to see the people rise *en masse*, and abolish the government, as their only means of saving themselves from the pistols of persistent, disappointed, indignant, and *sane* officeseekers.

And here we wish to protest against the examination of medical experts, as to Guiteau's insanity. The question is not, what will an *insane* man do? but what will a *sane* man do? a *sane* officeseeker? a persistent, disappointed, indignant, but still *sane*, officeseeker? That is the question. What do the superintendents of lunatic asylums know about such a case as that? They never had such a case on their hands. Or who do know any thing about it, except officeseekers themselves, and their intimates? They are evidently the only ones who can tell us what crimes a persistent, disappointed, indignant, and *sane* officeseeker is capable of. These, then, are the only ones whom the government should summon.

We think those political editors, who are so anxious to have Guiteau hanged, should be first put upon the stand, and be required to tell what they know about themselves, and their officeseeking associates. We wish, for example, that Horace Greeley were still alive, and capable of testifying. He was himself a lifelong, persistent, disappointed, and indignant officeseeker. Whether he was *sane* may be questioned. He was subject to violent paroxysms of rage and profanity. We should like to know whether he ever wished to kill any body, except Seward and Thurlow Weed.

Then there were Seward, and Chase, and Cass, and Webster, and Calhoun, and Clay, who were persistent, disappointed, and indignant officeseekers; seekers of the presidency. We wish they could be put upon the stand, and required to tell what they knew about officeseekers, high and low; and whether they themselves, in their disappointments, ever wished to kill anybody.

What revelations we might have, if all these political experts could be put upon the stand, and made to tell us all they knew about officeseekers!

But it is not necessary to call up these old and famous officeseekers. Let them rest, although they never suffered anybody else to rest. Without their oral testimony, we know enough of the nature of officeseekers, successful and unsuccessful, to know that, as such, they are all utterly dangerous, and thoroughly bad. We know that the successful ones will murder mankind by the wholesale, to maintain their power; and we know that the unsuccessful ones would do the same, if they could but get into power. But if, not getting into power, they feel indignant, and now and then kill a man, that is a small matter, compared with what they would have done, if they had been successful in their ambitions.

But whether these disappointed ones are sane or insane, it is time to have done with a system that breeds, in such numbers, these dangerous creatures.

Liberty has won praise from Sir Hubert. J. M. L. Babcock, the founder of "The New Age," writes that he "rejoices greatly in Liberty," which he describes as "a periodical in which the most radical thoughts are radically spoken." These words fitly describe also the paper which Mr. Babcock conducted. The career of "The New Age" was short, but of such a character that its editor may look back to it with unmixed pride and satisfaction. It was one of the few papers that have ever lived that was not afraid of its subscribers. In many more respects it was a model journal, and, typographically and otherwise, we feel that we owe much to it. We grieved greatly at its death, and are glad of this opportunity to acknowledge that we profited greatly by its life.

Apex or Basis?

"Apex" says that it is a barbarism to pay interest on money. That is another way of saying that a state of society in which wealth is not universalized is barbarous, since, in our present stage of evolution, those who have no capital of their own will be glad to borrow from those who have, and to pay interest for the use of the capital.

For it is really capital that is borrowed, and not money, the latter being only the means for obtaining the former, as money would be worthless if it could not be exchanged for the capital needed. We see already that as the loanable capital of a country increases the rate of interest diminishes, and when the accumulated wealth of the world becomes large enough, no one will pay interest.

But to denounce the payment of interest to-day, and (if it could be done) to forbid the man of ability, but lacking means, borrowing the capital he needs, or, in other words, using his credit, would not tend to universalize wealth and so destroy usury; but, on the other hand, it would discourage the production and accumulation of capital, since one of the principal incentives to that production is the use of capital to increase production and add to one's wealth. It is obvious that, unless the use of capital added to the productiveness of labor, no one would wish to borrow, and no usury could be had. It should not be forgotten, in considering this question, that, in the last analysis, reducing things to their simplest, individualized form, the possessor of capital has acquired it by a willingness to work harder than his fellows and to sacrifice his love of spending all he produces that he may have the aid of capital to increase his power of production. For example, two men work side by side; one consumes all he produces, the other saves part of his product; in time the latter has saved enough to enable him to build or buy a tool, by the aid of which he accomplishes four times as much work as before, and is able to go on adding to his accumulation. The one who has not saved, seeing the advantage of the use of capital, naturally desires to obtain the same benefit for himself, but, not liking to save and wait until he can create capital, he proposes to borrow a portion of the capital of the other. By means of this borrowed capital he can quadruple his product, and is very willing to give a part of his increased product to the neighbor who has befriended him. Would he not be a mean sneak if he were not glad to do so? By the use of the borrowed capital he is not only enabled to pay for the advantage gained, but, by his greater power to produce, he can, in a short time, buy his own tools and no longer be forced to borrow.

Although our present system of business is vastly complicated, and we sometimes seem to borrow money merely, the actual transaction being kept out of sight, yet the case supposed is the real basis of all just payment of interest. I believe there will be a state of society in which money will not be necessary, but that state cannot be built up by commencing at the top. We must build from the foundation, understanding things as they are as well as knowing how they ought to be.

The question is asked,—and it is a very important one, and, simple as it is at bottom, a complex one as it stands,—*what is money?* It would simplify this matter very much if all would agree to call coin, or money having value as merchandise, *money*, and paper or representative money, *currency*, or notes. It is plain that the representative money is that which must be and is principally used in this country and in all commercial countries. Coin money derives its real value in exchange, and as a measure for the exchangeable value of other products, from the fact that it costs labor to produce it, and, although government laws may foolishly try to make it pass for more than its cost value, they never succeed in doing so. No government ever has succeeded in over-riding natural law, though they may and often do obstruct the operations of Nature's laws to the great detriment of Nature's children.

The simplest form of representative money, or currency, is furnished by Josiah Warren's labor note, which was substantially as follows (I quote from memory):

> For value received, I promise to pay bearer, on demand, one hour's labor, or ten pounds of corn.
>
> JOSIAH WARREN.
>
> MODERN TIMES, July 4, 1852.

So long as it was believed by his neighbors that the maker of such notes always had the corn on hand with which to redeem them (since their redemption in labor would rarely be practicable or desirable), they would pass current in that locality; and, in fact, such "labor notes" did pass to a limited extent at Modern Times. Interesting as that experiment was, and showing clearly as it does the principle at the basis of all good currency, it could not be extended so as to satisfy the needs of a great commercial country, or, safely, of a large neighborhood.

But a currency, to be good, must possess precisely the qualifications and qualities of that labor note, with the addition of a guaranty, universally recognizable, that the notes actually do represent solid wealth with which they will be redeemed on demand. Now, there is one thing, and only one, that government can rightfully or usefully do in the way of interference with the currency, the ebb and flow of which is governed by natural laws altogether out of the reach of state or national governments; and that is to issue all the notes used for cur-

rency on such terms that it shall be universally known truly to represent actual, movable capital (not land, which is not property in the true sense, and which cannot be carried off by any one wishing a note redeemed), pledged for its redemption. There should be no monopoly, but any and every person complying with the terms should be furnished with the national note. Of course no one who had not the requisite capital could procure these notes, and rightly so because notes made by those who have no capital would swindle the people. And, as our government has no property or capital except the necessary tools for carrying on the affairs of the nation, and as government should have no debts and no gold and silver accumulated, it is obvious that it cannot properly make a good note beyond the amount which could be redeemed in payment of taxes. And, as taxes ought to be diminished and ultimately abolished, there is no valid basis for a government note to be used as currency. Neither will Mutual Banks answer any good purpose, if the notes are based on land.

BASIS.

The remarks that follow are not intended to debar "Apex" from answering his opponent in these columns in his own time and way, but simply to combat, from Liberty's standpoint, such of the positions taken by "Basis" as seem to need refutation.

The first error into which "Basis" falls is his identification of money with capital. Representative money is not capital; it is only a title to capital. He who borrows a paper dollar from another simply borrows a title, and not at all that to which it is a title. Consequently he takes from the lender nothing which the lender wishes to use; unless, indeed, the lender desires to purchase capital with his dollar, in which case he will not lend it, or, if he does, will charge for the sacrifice of his opportunity,—a very different thing from usury, which is payment, not for the lender's sacrifice, but for the borrower's use; that is, not for a burden borne, but for a benefit conferred. Neither does the borrower of the dollar take from the person of whom he purchases capital with it anything which that person desires to use; for, in ordinary commerce, the seller is either a manufacturer or a dealer, who produces or buys his stock for no other purpose than to sell it. And thence this dollar goes on transferring products for which the holders thereof have no use, until it reaches its issuer and final redeemer and is cancelled, depriving, in the course of its journey, no person of any opportunity, but, on the contrary, serving the needs of all through whose hands it passes. Hence, borrowing a title to capital is a very different thing from borrowing capital itself. But under the system of organized credit contemplated by "Apex," no capable and deserving person would borrow even a title to capital. The so-called borrower would simply so change the face of his own title as to make it recognizable by the world at large, and at no other expense than the mere cost of the alteration. That is to say, the man, having capital or good credit, who, under the system advocated by "Apex," should go to a credit-shop — in other words, a bank — and procure a certain amount of its notes by the ordinary processes of mortgaging property or getting endorsed commercial paper discounted, would only exchange his own personal credit — known only to his immediate friends and neighbors and the bank, and therefore useless in transactions with any other parties — for the bank's credit, known, and receivable for products delivered, throughout the state, or the nation, or, perhaps, the world. And for this convenience the bank would charge him only the labor-cost of its service in effecting the exchange of credits, instead of the ruinous rates of discount, by which, under the present system of monopoly, privileged banks tax the producers of unprivileged property out of house and home. So that "Apex" really would have *no borrowing at all*, except in certain individual cases not worth considering; and therefore, when "Basis," answering "Apex," says that "it is really capital that is borrowed, and not money," he makes a remark for which there is no audible call.

The second error committed by "Basis" he commits in common with the economists in assuming that an increase of capital decreases the rate of interest and that nothing else can materially decrease it. The facts are just the contrary. The rate of interest may, and often does, decrease, when the amount of capital has not increased; the amount of capital may increase without decreasing the rate of interest, which may, in fact, increase at the same time; and, so far from the universalization of wealth being the sole means of abolishing interest, the abolition of interest is the *sine qua non* of the universalization of wealth.

Suppose, for instance, that the banking business of a nation is conducted by a system of banks chartered and regulated by the government, these banks issuing paper money based on specie, dollar for dollar. If, now, a certain number of these banks, by combining to buy up the national legislature, should secure the exclusive privilege of issuing two paper dollars for each specie dollar in their vaults, could they not afford to, and would they not in fact, materially reduce their rate of discount? Would not the competing banks be forced to reduce their rate in consequence? And would not this reduction lower the rate of interest throughout the nation? Undoubtedly; and yet the amount of capital in the country remains the same as before.

Suppose, further, that during the following year, in consequence of the stimulus given to business and production by this decrease in the rate of interest and also because of unusually favorable natural conditions, a great increase of wealth occurs. If, then, the banks of the nation, holding from the government a monopoly of the power to issue money, should combine to contract the volume of the currency, could they not, and would they not, raise the rate of interest thereby? Undoubtedly; and yet the amount of capital in the country is greater than it ever was before.

But suppose, on the other hand, that all these banks, chartered and regulated by the government and issuing money dollar for dollar, had finally been allowed to issue paper beyond their capital based on the credit and guaranteed capital of their customers; that their circulation, thus doubly secured, had become so popular that people preferred to pay their debts in coin instead of bank-notes, thus causing coin to flow into the vaults of the banks and add to their reserve; that this addition had enabled them to add further to their circulation, until, by a continuation of the process, it at last amounted to eight times their original capital; that by levying a high rate of interest on this they had bled the people nigh unto death; that then the government had stepped in and said to the banks: "When you began, you received an annual interest of six per cent. on your capital; you now receive nearly that rate on a circulation eight times your capital based really on the people's credit; therefore at one-eighth of the original rate your annual profit would be as great as formerly; henceforth your rate of discount must not exceed three-fourths of one per cent." Had all this happened (and with the exception of the last condition of the hypothesis similar cases have frequently happened), what would have been the result? Proudhon shall answer for us. In the eighth letter of his immortal discussion with Bastiat on the question of interest he exhausts the whole subject of the relation of interest to capital; and "Basis" cannot do better than read the whole of it. A brief extract, however, must suffice here. He is speaking of the Bank of France, which at that time (1849) was actually in almost the same situation as that described above. Supposing, as we have just done after him, a reduction of the rate of discount to three-fourths of one per cent., he then asks, as we do, what the result would be. These are his words in answer to Bastiat, the "Basis" of that discussion:

> The fortune and destiny of the country are to-day in the hands of the Bank of France. If it would relieve industry and commerce by a decrease of its rate of discount proportional to the increase of its reserve; in other words, if it would reduce the price of its credit to three-fourths of one per cent., which it must do in order to quit stealing,—this reduction would instantly produce, throughout the Republic and all Europe, incalculable results. They could not be enumerated in a volume: I will confine myself to the indication of a few.
>
> If, then, the credit of the Bank of France should be loaned at three-fourths of one per cent., ordinary bankers, notaries, capitalists, and even the stockholders of the bank itself would be immediately compelled by competition to reduce their interest, discount, and dividends, to at least one per cent., including incidental expenses and brokerage. What harm, think you, would this reduction do to borrowers on personal credit, or to commerce and industry, who are forced to pay, by reason of this fact alone, an annual tax of at least two thousand millions?
>
> If financial circulation could be effected at a rate of discount representing only the cost of administration, drafting, registration, etc., the interest charged on purchases and sales on credit would fall in its turn from six per cent. to zero,—that is to say, business would then be transacted on a cash basis; there would be no more debts. Again, to how great a degree, think you, would that diminish the shameful number of suspensions, failures, and bankruptcies?
>
> But, as in society net product is undistinguishable from *raw* product, so in the light of the sum total of economic facts CAPITAL is undistinguishable from PRODUCT. These two terms do not, in reality, stand for two distinct things; they designate relations only. Product is capital; capital is product: there is a difference between them only in private economy; none whatever in public economy. If, then, interest, after having fallen in the case of money to three-fourths of one per cent.,—that is, to zero, inasmuch as three-fourths of one per cent. represents only the service of the bank,—should fall to zero in the case of merchandise also, by analogy of principles and facts it would soon fall to zero in the case of real estate: rent would disappear by becoming one with liquidation. Do you think, sir, that that would prevent people from living in houses and cultivating land?
>
> If, thanks to this radical reform in the machinery of circulation, labor was compelled to pay to capital only as much interest as would be a just reward for the service rendered by the capitalist, specie and real estate being deprived of their reproductive properties and valued only as *products*,—as things that can be consumed and replaced,—the favor with which specie and capital are now looked upon would be wholly transferred to products; each individual, instead of restricting his consumption, would strive only to increase it. Whereas, at present, thanks to the restriction laid upon consumable products by interest, the means of consumption are always very much limited, then, on the contrary, production would be insufficient: labor would then be secure in fact as well as in right.
>
> The laboring class gaining at one stroke the five thousand millions, or thereabouts, now taken in the form of interest from the ten thousand millions which it produces, plus five thousand millions which this same interest deprives it of by destroying the demand for labor, plus five thousand millions which the parasites, cut off from a living, would then be compelled to produce, the national production would be doubled and the welfare of the laborer increased four-fold. And you, sir, whom the worship of interest does not prevent from lifting your thoughts to another world,—what say you to this improvement of affairs here below? Do you see now that it is not the multiplication of capital which decreases interest, but, on the contrary, that it is the decrease of interest which multiplies capital?

Now, this reduction of the rate of discount to the cost of the bank's service, and the results therefrom as above described, are precisely what would happen if the whole business of banking should be thrown open to free competition. It behooves "Basis" to examine this argument well; for, unless he can find a fatal flaw in it, he must stand convicted, in saying that "when the accumulated wealth of the world becomes large enough, no one will pay interest," of putting the cart before the horse.

"Basis" is in error a third time in assuming that "Apex" wishes to "forbid the man of ability, but lacking means, using his credit." It is precisely because such men are now virtually prohibited from using their credit that "Apex," and Liberty with him, complains. This singular misconception on the part of "Basis" indicates that he does not yet understand what he is fighting.

The fourth error for which "Basis" assumes responsibility is found in his statement that "in the last analysis the possessor of capital has acquired it by a willingness to work harder than his fellows and to sacrifice his love of spending all he produces that he may have the aid of capital to increase his power of production." A man who thoroughly means to tell the truth here reiterates one of the most devilish of the many infernal lies for which the economists have to answer. It is indeed true that the possessor of capital may, in rare cases, have acquired it by the method stated, though even then he could not be excused for making the capital so acquired a leech upon his fellow-men. But ninety-nine times in a hundred the modern possessor of any large amount of capital has acquired it, not "by a willingness to work harder than his fellows," but by a shrewdness in getting possession of a monopoly which makes it needless for him to do any *real* work at all; not "by a willingness

to sacrifice his love of spending all he produces," but by a cleverness in procuring from the government a privilege by which he is able to spend in wanton luxury half of what a large number of other men produce. The chief privilege to which we refer is that of selling the people's credit for a price.

"Basis" is guilty of several other errors which we have not space to discuss at length. He supposes that to confine the term *money* to coin and to call all other money *currency* would simplify matters, when in reality it is the insistance upon this false distinction that is the prevailing cause of mystification. If the idea of the royalty of gold and silver could be once knocked out of the people's heads, and they could once understand that no particular kind of merchandise is created by nature for monetary purposes, they would settle this question in a trice. Again, he seems to think that Josiah Warren based his notes on corn. Nothing of the kind. Warren simply took corn as his standard, but made *labor and all its products* his basis. His labor notes were rarely redeemed in corn. If he had made corn his exclusive basis, there would be no distinction in principle between him and the specie men. Perhaps the central point in his monetary theory was his denial of the idea that any one product of labor can properly be made the only basis of money. To quote him in this connection at all is the height of presumption on the part of "Basis." A charge that his system, which recognized *cost* as the only ground of price, ever contemplated a promise to pay anything "for *value* received," he would deem the climax of insult to his memory. "Basis," in donning the garments of Josiah Warren to defend the specie fraud, has "stolen the livery of heaven to serve the devil in." "Basis" is wrong, too, in thinking that land is not a good basis for currency. True, unimproved land, not having properly a market value, cannot properly give value to anything that represents it; but permanent improvements on land, which should have a market value and carry with them a title to possession, are an excellent basis for currency. It is not the raw material of any product that fits it for a basis, but the labor that has been expended in shaping the material. As for the immovability of land unfitting it for a basis, it has just the opposite effect. Here "Basis" is misled by the idea that currency can be redeemed only in that on which it is based.

But this fertile subject has taken us farther than we intended to follow it. So here, for the present, we will quit its company, meanwhile handing over "Basis" to the tender mercies of "Apex," and heartily endorsing almost all that "Basis" says at the close of his article concerning the true duty of government, as long as it shall exist, regarding the currency.

Capital: What It Is and What It Is Not.

DEAR MR. TUCKER, — Your comments on my letter in a recent issue call for some response, as it is clear you have not yet got full possession of the idea you characterise as "unmitigated bosh based on pure chimera."

Let us pass over the first four and the seventh of your points, for a while, and consider the fifth and the sixth.

You say: "We quite agree with Mr. Smart that 'accumulated thought and experience *are* capital,' but we utterly fail to see why 'things that perish almost as fast as they are produced *are not* capital!'"

I am glad you admit that "accumulated thought and experience *are* capital." You admit, then, that capital is not *necessarily* material. And you will admit, *consequently*, that thought and experience (knowledge) — being capital, and being productive — are *a force*; that, when combined with the simple action of brain and muscle (a purely natural force), they aid the latter, *labor*, in production. Good!

Now, let us suppose an untutored savage in the wilds of Africa or Australia, who knows just enough to break off a cudgel in the forest to defend himself with or to knock down an animal for food; suppose him carried into civilized life and taught some useful art by which he can supply himself with previously undreamed-of comforts,—all his capacities developed. From being merely a natural element or organism, possessing dormant or undeveloped capacities and wants, he has now, combined with these, *capital*, and has become a civilized *Man*.

Thus far you will agree with me.

Now, let us suppose a piece of uncultivated land in the midst of a jungle, remote from civilization, possessing all kinds of capacity for animal, vegetable, and mineral production, but yielding nothing valuable; suppose a railroad taken in there, axes, ploughs, — in short, all the appliances of civilization. The land will be cleared and fenced and cultivated, and will soon be smiling with abundant crops. From being merely a natural element or organism, possessing dormant or undeveloped capacities and wants, it has now, combined with these, *capital*, and has become a civilized piece of land, — a farm, or a mine, or a garden.

Now, what difference is there between the two cases? In the one case we have a *human* savage converted into a civilized *man*; in the other a *land* savage converted into a civilized *farm*.

If the culture invested in the Man is *capital*, as you admit, why is not the culture invested in Land *capital* in just the same sense?

And is it not just as proper — or rather, just as *im*proper — to call the material organism, *Man*, capital, as it is to call the material organism, *Land*, capital? or any other natural elementary substance, such as wood, stone, coal, or iron; or any animal creature?

Do you not see my meaning? That the productive property or potentiality possessed by any material substance — animate or inanimate — is invested in it, precisely as it is invested in a man's brain, and is of precisely the same kind. *It is capital* in the only correct sense of the word; it is stored-up *labor* in a higher sense than that of the political economists; and neither the man himself, nor the creatures he has civilized, nor the land or things he has civilized *are capital*.

Have I made this point clear?

As my letter is already long enough for your space, and as I do not wish to confuse this *primary* question with the other questions included in our discussion, I will leave them for the present.

We are discussing a vital principle, — the corner-stone of Socialism.

W. G. H. SMART.

[Nothing but the above letter was needed to clinch our statement that Mr. Smart's socialism is an incoherent structure. We print it because we do not wish to be in the least unfair, but we really have not the patience to follow the writer in his absurd hypotheses and indiscriminate analogies. For instance, his statement that "*the productive property or potentiality* possessed by any material substance" alone is capital, when he has previously supposed no capital to be contained in "a piece of uncultivated land *possessing all kinds of capacity for animal, vegetable, and mineral production*;" or, his identification of "productive property or potentiality" with "stored-up labor," as if there were no such thing as a natural productive force independent of labor; or, his confusion of man with capital, as if the word capital had not been set apart, in contradistinction to labor, to denote all productive forces and aids to productive forces outside of the laborer, man, and for the express purpose of affording a convenient terminology to be used in discussing the relation of man to wealth; or, finally, his starting out to explain to us why "things that perish almost as fast as they are produced *are not* capital," and then making it the conclusion of his letter that capital is stored-up labor and that "neither man himself, nor the creatures he has civilized, nor the land or things he has civilized are capital." Upon which Mr. Smart asks us if we see his meaning. Well, we frankly confess that we do not, unless he means that men and animals and land are "things that perish almost as fast as they are produced." But it is useless to ask you, Mr. Smart, what you mean. You probably think that you mean a great deal, but as a matter of fact you do not mean anything at all. You have not the faintest idea of the nature of capital. The A B C of political economy is unfamiliar to you. You have long been an earnest student of the industrial question; you have thoroughly acquainted yourself with many important phases of it; you are constantly saying many good and true and useful things about it; but you have never yet planted yourself upon an intelligible basis, and that is why nobody can ever understand Mr. Smart. — EDITOR LIBERTY.]

Authority, on the one hand, bolstered up by privilege, is the deadhead of the world. Liberty, on the other, claims her own by displaying self-reliance. —*Kansas City Industrial Liberator.*

The Redemption of Money.

If we can fully determine what redemption is, we shall accomplish a great work for human progress. A promise to pay, written on paper, is generally considered redeemed when it is exchanged for coin. This is not always true. If I take a banknote promising to pay one dollar, and exchange said note with another party for a gold dollar, so far as I am concerned, the note is redeemed; but, if the note is yet outstanding against the bank, it is not redeemed.

If A gives B a note promising to pay one dollar, and B passes that note to C, and C returns it to A, just so soon as A receives it at its full face value, that note is fully redeemed. The great difficulty, in connection with the redemption of paper money, consists in this,—that the promise to pay implies a promise to pay coin; whereas, by right, it should be considered a promise to pay value equal to gold, or silver, whichever may be taken as the standard of value.

In commerce scarcely anybody wants gold, but everybody wants *value equal to gold*.

If a gold dollar will buy ten yards of cotton cloth, and a bushel of wheat will buy a gold dollar, can there be any difficulty in exchanging wheat for cotton cloth?

Let us remember that, although an absolute standard of value is impossible, a comparative standard is indispensable. We want *something of value* by which to compare, count, and exchange all other valuable things.

How much fog, mud, and moonshine has been waded through by the would-be teachers of political economy, just because the above truth has not been clearly seen!

Primitive people, as a rule, believe the false and do the wrong. And even when the true thing has been discovered, they are almost sure to start for it in the wrong direction. This is eminently true in regard to money.

Let me repeat,—everybody wants *value*. Now, if A, B, and C can exchange their goods on the base of a gold valuation, what is the necessity of the gold itself?

Gold always has a marketable value, which is well known. Now, let business men make their exchanges on the *value of gold*, and not on the gold itself. Then they can use their own credit as money, and redeem their promises to pay by receiving them, and thus, by mutually acting together, they can be independent of the money-lender. For, be it understood that borrowing money, as a good business transaction, is but an exchange of credits. Will the people ever get over the stupid and barbarous notion that money is something of itself?

Our paper money at the present time (November, 1881) is at par with gold because the government receives it. If A owes B $1,000, and C holds all the gold, how can A pay his debt? If A has made the promise to pay the gold itself, he must go to C and give him a bonus for the gold. That is the nature of usury, or interest. But if A, being solvent, has promised to pay B $1,000 in value equal to gold, the debt can be easily cancelled.

What a monstrous barbarism is the arbitrary limitation of money!

And yet money must be limited, to be good money, until people shall find a way to redeem their notes, other than by swapping them for coin.

APEX.